



KRS MEMBER NEWS

Kentucky Employees Retirement System • County Employees Retirement System • State Police Retirement System

VOLUME 22, ISSUE 3

JUNE 2004

Annual Statements Mailed In August

Annual statements for the fiscal year ended June 30, 2004 will be mailed in August to employees and inactive members of the retirement systems. Each annual statement contains an estimate of benefits, a statement of account balance, a summary of service credit, the current beneficiaries on file with the retirement office, and also includes an abbreviated summary plan description. Please note that the benefit estimates contained in the statement are based upon salary and service as of June 30, 2004 and do not project the amount of benefits you may be entitled if you continue working or if service credit adjustments are made.

Summary Plan Description Update

A revised Summary Plan Description Booklet will be available later this summer. A copy of the revised Summary Plan Description will be posted to the retirement systems web site, www.kyret.com. You may also request a copy of the 2004 Summary Plan Description in writing or by calling the retirement office. Written requests should include your name, social security number, current address, and be sent to the following address:

KENTUCKY RETIREMENT SYSTEMS

Perimeter Park West

1260 Louisville Road

Frankfort, Ky. 40601-6123

Requests by phone can be made by dialing the appropriate phone numbers below.

(502) 564-4646

1-800-928-4646

(if inside local
calling area)

-OR-

(if outside the local
calling area)

Did You Know?

You can generate individual retirement estimates online by going to our web site at www.kyret.com and selecting "Online Benefit Estimator."

Resumes Sought for CERS Board Member Election

Request for Nominations

In early 2005, employees, inactive members and retired members of the County Employees Retirement System (CERS) will vote for two individuals to serve on the KRS Board of Trustees.

Per Kentucky Revised Statutes 61.645, the Board may place three names on the ballot for each position to be filled. The Board of Trustees is asking for names of members who would be interested in running for the two CERS trustee positions.

Eligibility Requirements for CERS Trustees

To be eligible to serve as a CERS Board Trustee, an individual must be an employee, inactive member, or retired member of CERS.

Individuals who are currently serving as an elected or appointed city, county, or district officer should also be aware of the constitutional and statutory provisions that may prevent them from simultaneously serving on the Board of Trustees. Kentucky Revised Statutes 61.645 and Section 165 of the Constitution of Kentucky establish when a constitutional incompatibility may exist. If you are concerned that a constitutional incompatibility may exist between a position you currently hold and membership on the KRS Board of Trustees, you may wish to contact the Attorney General's office for further guidance.

Submitting a Request for Nomination

If you are interested in serving on the Board, please submit a resume to the retirement office no later than August 3, 2004. Please be sure to include your Social Security number with any information you submit to the retirement office.

The Board of Trustees will select six names (three for each position), assuming enough resumes are received. These names will appear on the ballot to be mailed to CERS members in January 2005.

Note: Resumes received at the retirement office after August 3, 2004 will not be considered for nomination by the Board at the quarterly meeting in August.

Meeting for Individuals Submitting a Resume

An informational meeting will be held on August 16, 2004 at 1:00 P.M. for all individuals who submit a resume to the Board for nomination. The purpose of the meeting will be

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to acquaint individuals with the election process and to review administration of the retirement systems. Pictures will be taken at the meeting.

Nominations by the Membership

Individuals may also be placed on the election ballot by submitting a petition from the CERS membership. Per Kentucky Revised Statutes 61.645, the petition must contain the name, social security number, and signature of no less than 1/10 of the number of members voting in the last election. Based upon 2001 election results, the petition would require a minimum of 1,378 names, social security numbers, and signatures from the current CERS membership. Petitions to be included on the CERS election ballot must be submitted no later than November 30, 2004.

Election Timeline

Date	Event
August 3, 2004	Due date for receipt of resumes for Board nomination.
August 16, 2004	Informational meeting for individuals submitting resume.
August 19, 2004	Quarterly Board Meeting: Board will nominate 3 candidates to be placed on the election ballot for each of the two CERS positions on the Board of Trustees (total of 6 nominations).
November 30, 2004	Last day to file a petition to be placed on election ballot.
December 31, 2004	Ballots prepared.
January 5, 2005	Ballots mailed to CERS membership.
March 1, 2005	Last day to file a return ballot.
March 15, 2005	Ballots tabulated.
April 1, 2005	Winners of election begin term of office.

The KRS Board of Trustees

What is the Board of Trustees?

The Kentucky Retirement Systems (KRS) Board of Trustees is responsible for oversight of the administration of benefits to more than 267,000 members in the Kentucky Employees Retirement System (KERS), the County Employees Retirement System (CERS), or the State Police Retirement System (SPRS). The Board consists of nine trustees including:

- ❑ Two trustees elected by the KERS membership.
- ❑ Two trustees elected by the CERS membership.
- ❑ One trustee elected by the SPRS membership.
- ❑ Three trustees appointed by the Governor.

- ❑ The Commissioner of Personnel for State Government.

Note: One of the trustees appointed by the Governor must be knowledgeable about the impact of pensions on local governments.

What Are The Board's Responsibilities?

The KRS Board of Trustees is bound by law to establish policies and make decisions in the sole interest of participants and beneficiaries of the plans and for the exclusive purpose of providing benefits and paying the plans' expenses. The Board, as fiduciaries, must act prudently concerning the plan investments in order to protect fund assets.

How Often Does the Board Meet?

The full board meets a minimum of five times per year. In addition, members appointed to certain committees may have monthly or semi-monthly committee meetings to attend. Board committees and responsibilities are listed below.

- ❑ *The Disability Appeals Committee* is responsible for ensuring that the disability retirement laws are administered impartially and uniformly and that all members who apply for disability retirement benefits, and who qualify under the applicable statutes, are approved for benefits.
- ❑ *The Administrative Appeals Committee* ensures that retirement laws are administered impartially and uniformly and that the actions of the retirement systems resulting in the appeal were correct and fair under the applicable statutes and regulations.
- ❑ *The Investment Committee* acts on behalf of the Board on investment related matters to assure the prudent investment of the retirement systems' assets to achieve the long-term funding goals established in the Board's Statement of Investment Policy.
- ❑ *The Personnel Committee* assists the Executive Director and the Board of Trustees in attracting and retaining a competent, creative and motivated workforce at the retirement systems.
- ❑ *The Legislative and Budget Committee* reviews the retirement systems administrative budget and recommends additions or reductions in specific program areas or budgetary items. The Committee also reviews and recommends statutory changes to the Board related to the administration of benefits and compliance with federal law and determines which changes are in the best interests of the retirement systems.
- ❑ *The Audit Committee* acts on behalf of the Board in fulfilling its oversight responsibilities for the financial

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reporting process, the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations and the code of conduct.

Term of Office

Each trustee serves a term of four years. Elected trustees may serve no more than five consecutive four year terms.

Board Chairman & Vice-Chairman

The KRS Board of Trustees elects a Chair and Vice-Chair annually. The current Chair of the Board is Randy Overstreet. The current Vice-Chair of the Board is Walter Pagan.

KRS Board of Trustees



Bobby Henson
*Trustee Elected By
KERS Membership*



Susan Horne
*Trustee Elected By
KERS Membership*



Ed Davis
*Trustee Elected By
CERS Membership*



John Freeman
*Trustee Elected By
CERS Membership*



Randy Overstreet
*Trustee Elected By
SPRS Membership*



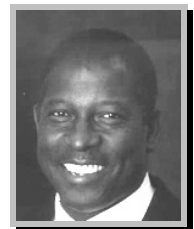
John Balbach
*Trustee Appointed
By Governor*



Larry Conner
*Trustee Appointed
By Governor*



Walter Pagan
*Trustee Appointed
By Governor*



Bob Ramsey
*Commissioner of
Personnel*

Medicare Drug Discount Cards

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 was signed into law by President Bush in December 2003. The Act introduced new drug discount cards intended to assist Medicare beneficiaries with prescription drug costs from now until the new Medicare drug benefit becomes available January 1, 2006.

How Does This Affect Me?

Kentucky Retirement Systems already provides health insurance coverage to most retirees and beneficiaries who are receiving a monthly benefit, including those eligible for Medicare. The value of purchasing a discount drug card will depend upon the level of prescription drug coverage your insurance plan provides.

If you are a retiree or beneficiary with drug coverage through 1) the Bankers Life and Casualty High Option Plan or 2) the Anthem Standard with Prescription Drug Coverage Plan, you are unlikely to need a drug discount card. Coverage through your Plan is expected to provide lower prescription drug costs than discounts through a discount card. However, you may wish to purchase a discount card if you are taking any drugs not covered under your Plan, or if you have reached, or expect to reach, the Plan's calendar year annual maximum.

If you are a retiree or beneficiary enrolled in 1) the Bankers Life and Casualty Low Option Plan or 2) the Anthem Standard Plan and do not have prescription drug coverage, you may wish to purchase a drug discount card.

Facts about Medicare Discount Cards

Here are a few facts about the new Medicare prescription drug discount cards that may be helpful to you:

- ☐ The cards do not *provide* drug coverage, but *offer discounts* on many outpatient prescription drugs.
- ☐ If you are Medicare eligible and do not have prescription drug coverage, a Medicare-approved discount card could save you 10% – 15% on your total prescription drug costs. Actual discounts will vary by card, medication type, and geographic region.
- ☐ The annual cost for a card will be no more than \$30 per year and some cards are offered at no charge.
- ☐ Several card choices are currently available to Kentucky residents and at least two card choices will be available in all geographic regions.
- ☐ Each card will be slightly different. For example, some cards can only be used at certain pharmacies.

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- ☐ You can only purchase one Medicare-approved card, but you are not restricted from buying a private prescription drug discount card that is not regulated by Medicare.
- ☐ If you purchase one card program in 2004, you will have the opportunity to switch to a different card program for calendar year 2005.
- ☐ If your annual income in 2004 is no more than \$12,569 if you are single or \$16,862 if you are married, you may qualify for a \$600.00 credit on a Medicare-approved drug discount card.
- ☐ Companies who provide Medicare approved discount drug cards may change the listing of drugs they offer at a discount and the discounted prices of those drugs at anytime.

Where to Go For More Information

Information on the new drug discount card program, including enrollment procedures, is available on the Medicare web site at www.medicare.gov or by calling 1-800-MEDICARE (1-800-633-4227). Kentucky residents can also access information by calling the Kentucky Cabinet for Health Services, Office for Aging Service, at

(1-877-293-7447) or by going online to <http://www.chs.ky.gov/aging/>.

Please remember that employees of Kentucky Retirement Systems will not be able to assist you in determining if a particular discount card fits your needs.

Use Good Judgment

Should you decide to purchase a discount card, be sure to review your choices and select the card that covers all or most of your medications, provides the best discounts, and offers a convenient pharmacy network.

Retiring This Summer?

If you are planning to retire in the coming months and would like to make an appointment with a retirement counselor to complete the necessary paperwork, please remember to schedule your appointment in advance. The retirement office allows you to schedule your appointment up to three months prior to your appointment date. If you would like to schedule an appointment, please contact the KRS Employed Call Center at 1-800-928-4646 extension 4522.



www.kyret.com

KENTUCKY RETIREMENT SYSTEMS
PERIMETER PARK WEST
1260 LOUISVILLE ROAD
FRANKFORT KY 40601

Enclosed: CERS Trustee Election Information